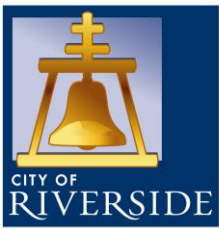


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City of Riverside Down Payment Assistance Program

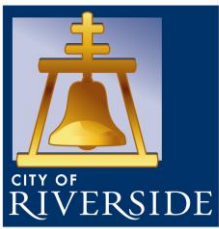
Lender Training
November 10, 2011



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DPA OVERVIEW

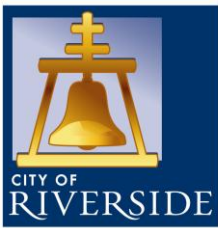
- Program Description
- General Eligibility Requirements
- Lender's Role
- Income Calculations
- Please hold questions until the end of presentation



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Purpose

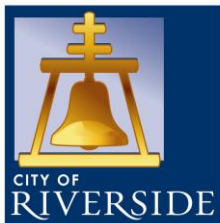
- Provide down payment assistance for income eligible first time home buyers purchasing in the city of Riverside.



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General Eligibility Requirements

Level I		Level II (Currently Unavailable)
Funding Source	HOME & CalHOME	Redevelopment Housing funds
Family Income	At or below 80% AMI	Between 81% and 120% AMI
Sales Price	Not to exceed \$200,000	Not to exceed \$250,000
Maximum Subsidy Amount	25 % of the sales price (not to exceed \$50,000)	Up to \$50,000
Period of Affordability Covenant	15 years (HOME only)	45 years

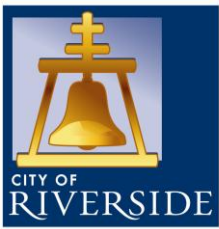


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Income Limits

Maximum Annual Household Income Adjusted for Family Size Effective May 2011

Household Size	80% of AMI	81% - 120% of AMI
1	\$37,350	\$37,351 to \$52,500
2	\$42,700	\$42,701 to \$60,000
3	\$48,050	\$48,051 to \$67,500
4	\$53,350	\$53,351 to \$75,000
5	\$57,650	\$57,651 to \$81,000
6	\$61,900	\$61,901 to \$87,000
7	\$66,200	\$66,201 to \$93,000
8	\$70,450	\$70,451 to \$99,000

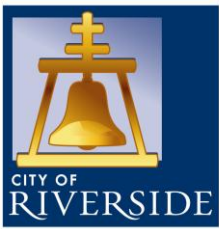


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HOME vs. CalHOME

- **HOME**
 - 15 Year Affordability Period Restriction
 - Equity share in lieu of interest
- **CalHOME**
 - No Affordability Period Restriction
 - 3% simple interest per annum

No payments until sale, rental, refinance, transfer, or conveyance of property unless to an income eligible homebuyer during affordability period.

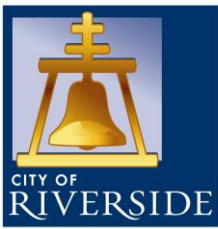


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First Time Homebuyer Criteria

DPA Program Qualifications

- No Prior Home Ownership for Past 3 Years
- Last 3 Years Tax Return for Verification
- All Applicants must be a US Citizen or Qualified Alien
- Hud-Approved 8-hour Homebuying Education

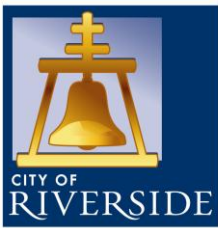


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Credit Score



- Minimum Credit Score: Consistent with FHA
- Bankruptcy Discharged 4 Years
- Judgments, Collection, Involuntary Liens Paid
- Applicants may not have any Delinquencies in the past 24 months or any current Past Due Accounts



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Debt Ratios

- Housing Ratio (Front End):

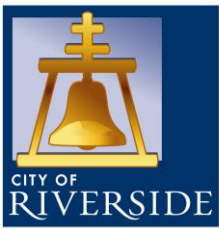
	Level I	Level II
Min Housing Ratio	25%	28%
Max Housing Ratio	35%	35%

- Debt-to-income Ratio (Back End):

Max Debt-to-Income Ratio 42%

- Included in the Debt-to-Income Ratio:

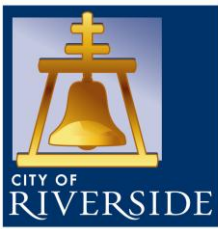
Co-signed, Deferred & Secured Loans



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Buyer Contributions

- Minimum Buyer Investment: 3% of Purchase Price
 - May include Gift Funds not to Exceed 2%
- Family Assets Shall Not Exceed 12 month of household's income
- Minimum of 1% of the purchase price in reserve for unexpected housing costs prior to the close of escrow
 - Applicant must provide funding statements with a minimum balance of 4% with application packet and at the close of escrow



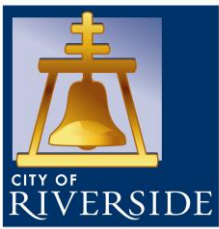
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Eligible Properties

- Located within City of Riverside city limits
- Property Type:
 - Single-family Home
 - Condominium
 - Manufactured Home
 - Fixed to a Permanent Foundation
 - Meet City Permit Standards



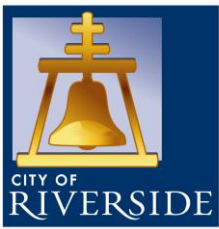
Pre-approval must be obtained first before an offer is made on a property



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Eligible Properties

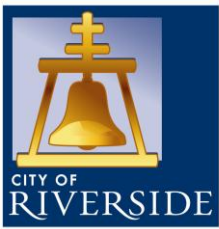
- Real Estate Owned (REO)
 - Vacant for 90 days
- In Danger of Foreclosure
- Short Sale (voluntary sale)
 - Owner-occupied only
- City of Riverside, RDA, and Housing Authority - owned



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Maximum Property Value

- Must be Established by an Appraisal
- Level I Maximum Purchase Price:
 - \$200,000
- Level II Maximum Purchase Price:
 - \$250,000

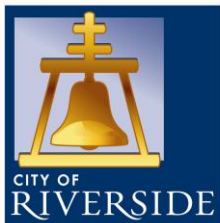


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Property Standards

- Properties must meet Housing Quality Standards
- Properties must be free of health and safety issues and code violations

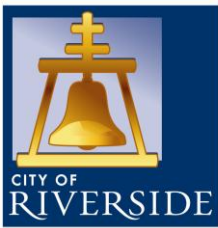
For rehabilitation funds, please check with a lender to qualify for HUD's 203(k) rehabilitation loan.



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Application Processing & Closing Requirements

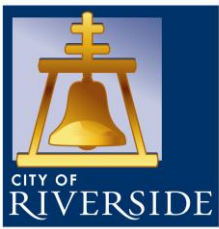
- Applications Processed on First-Come, First-Served Basis
 - 10 business day review process for **COMPLETED APPLICATIONS**
 - City will send the Lender an approval/denial letter after review
 - Select a property only after City's approval letter
 - Once a property has been selected Phase II kicks in
- From City Approved Lenders Only
- Only completed applications will be accepted



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Lender's Role...

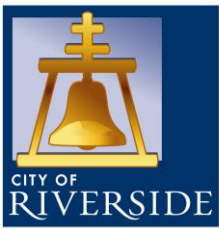
- Must execute a Lender Participation Agreement and Pay Lender Participation Fees
 - \$100 for first Lender - \$75 each additional
 - \$500 per Branch
 - Agreement must be signed by two Corporate Officers!!
 - Provide Corporate Resolution
- Lender pre-qualifies borrowers simultaneously for 1st mortgage and down payment assistance
 - Fixed rate 30-year fully amortized loans only
- Lender is responsible for informing borrower, realtor, and other parties regarding the DPA Program details and guidelines
- Lender submits DPA application to the City's Development Department, Housing & Neighborhoods staff for review and approval
 - Applicants are required to submit a \$100 applicant fee



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Calculating Income

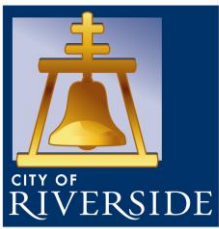
- The City's U/W procedure for calculating household incomes may be different from the 1st TD
- Use current gross earnings and annualize forward for 12 months
- Include all OT, Commission, Fees, Tips, and Bonuses
- Self-employed borrower use net income



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Other Income

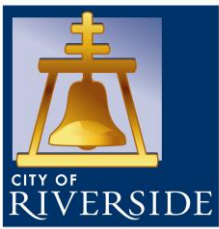
- Interest and Dividends
- Periodic Payments
- Unemployment/Disability Payments
- Public Assistance



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Closing Costs

DPA funds can be used to pay for the buyer's closing costs providing the cost does not exceed 4% of the loan amount...



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Questions...

Sorry...No questions allowed...

